

1 from time, you know.

2 COMMISSIONER QUELLO: No, but sponsorship is not a
3 sure thing. I mean, you know, sometimes it's sponsored,
4 sometimes it isn't. Now, if you have a lot of money, you can
5 do a hell of a job of news. It so happens I ran a dominant
6 station in Detroit, I was very lucky, it was one of the
7 dominant ones in the country. We had a 14-man news staff, the
8 average news staff for every other station in town was six, so
9 that gives you some idea if you have the money, you have money
10 for better programming, better news, No. 1 radio
11 personalities. If you don't have the money, you can't do
12 quite the same job and if you put all that money into --

13 COMMISSIONER BARRETT: If you'd have kept that
14 station as opposed to the \$700,000 I understand, you'd have
15 had \$13 million in today's market --

16 COMMISSIONER QUELLO: 14-1/2.

17 COMMISSIONER BARRETT: Yes, 14-1/2, and you'd have
18 been able to set up the Jim Quello Foundation and provide all
19 the local news we wanted.

20 COMMISSIONER QUELLO; I know, but look how much use
21 I'm supposed to have been.

22 COMMISSIONER BARRETT: Chairman and I question how
23 much use you've been to us lately.

24 COMMISSIONER QUELLO: Okay, I'll return the
25 compliment.

1 COMMISSIONER HUNDT: My six little minutes.

2 COMMISSIONER BARRETT: I'm sorry --

3 COMMISSIONER HUNDT: No, that's quite all right,
4 I've enjoyed it. Mr. Abel, you said in response to a question
5 from Commissioner Ness about what would be the duration of
6 NTSC, also called analog broadcasting in the United States.
7 You said broadcasters will be broadcasting NTSC for the rest
8 of the life of everyone in the room.

9 MR. ABEL: For the youngest person in the room,
10 maybe I should have said.

11 COMMISSIONER HUNDT: For the rest of the life of the
12 youngest person in the room. Roughly speaking, let's say that
13 you're predicting a 50 year future for analog broadcasting,
14 would you care to give us the explanation of this particular
15 statement?

16 MR. ABEL: Well, I think that the reality is that in
17 many places in the United States, NTSC broadcasting will go on
18 for a long time. It will be difficult to make this transition
19 easily for both the broadcaster and the consumer. More
20 importantly, I am not confident that ATV is going to be
21 implemented as fast as what everyone in this room seems to
22 think that it is going to be implemented because of the points
23 I mentioned before, contentiousness among broadcasters on the
24 assignment, whether the system is truly flexible or not,
25 interference issues with respect to the implementation. So it

1 | may be more like five or six years before we even get it
2 | started. Secondly, ultimately the points that you've been
3 | raising about the cost of the receiver and so forth, despite
4 | what we've heard from the consumer electronics industry that
5 | it's going to go down in cost, there still is a premium over
6 | and above. I think the average price of a TV set sold in this
7 | country last year was under \$400 or about \$400, this is going
8 | to be a premium over and above that. At some point the
9 | government is going to look at this and say, who is really
10 | adopting advanced television and who is left out. In fact, it
11 | could be quite the opposite. You could be coming to us or
12 | your replacement could be coming to us saying, can --

13 | COMMISSIONER HUNDT: Successor.

14 | MR. ABEL: Successor, sorry, successor, I apologize.
15 | But in 30 years, could be coming back to broadcasters saying,
16 | please continue NTSC broadcasts because not every household
17 | has adopted and there is no really truly inexpensive way for
18 | them to adopt advance television.

19 | COMMISSIONER HUNDT: Another way to put it, I think,
20 | would be that if we simply trust in the market and allow the
21 | rollout of digital television to be whatever the market may
22 | require, then it's very likely that it'll be decades before
23 | analog broadcasting, as a product demand by consumers, fades
24 | away. In other words, there will be millions of consumers
25 | that will continue to want that product.

1 MR. ABEL: I think that's definitely a possibility.
2 You have -- you said it, I think, if you force the market a
3 little bit, and that's why you need a little bit of forcing
4 with respect to at least establishing the standard, if you
5 force the market a little bit, you'll make this happen more
6 rapidly. But it's still up to the consumer to adopt.

7 COMMISSIONER HUNDT: What's your view of the notion
8 that the administration is kicking around that one way to
9 force the market and expedite the transition and get to a
10 world in which broadcasters won't have to be with the right
11 hand doing the digital thing, or the left hand analog, one way
12 to expedite that would be to prime the pump a little with some
13 cash vouchers to consumers.

14 MR. ABEL: I didn't like the idea. First of all, I
15 wasn't sure if it meant household or per set, I have 13 TV
16 sets, if that goes through, I'm going to go out and buy 100
17 since I could get the broadcasters to subsidize it. I don't
18 think it's a very good idea and I doubt that it will
19 ultimately seed the market. I think it's better to look at
20 the all-channel or all-system receiver of some sort and to
21 force, on the other end, some push on broadcasters to get it
22 implemented and if you want to do this in terms of auctioning
23 spectrum, it's better to take back spectrum later, after it's
24 been repacked so you have it contiguous across the United
25 States.

1 COMMISSIONER HUNDT: But what you're saying with
2 respect to the receiver is you think another way to force the
3 market would be to mandate that all televisions be capable of
4 receiving analog and digital reception, is that what you're
5 saying?

6 MR. ABEL: That's what I'm saying, yes.

7 COMMISSIONER HUNDT: What about mandating that all
8 televisions, after a certain date, receive only digital
9 signals?

10 MR. ABEL: That might be something to consider once
11 it's been implemented. I think there are too many unknowns
12 here to really know how this would really develop from a
13 consumer side especially, so we should wait until we see how
14 it develops.

15 COMMISSIONER HUNDT: But do you think unless we take
16 some market-forcing step like that, otherwise it will be
17 decades and decades that we see in paralleled both analog and
18 digital broadcasting?

19 MR. ABEL: It could be decades, I think.

20 COMMISSIONER HUNDT: With respect to digital
21 broadcasting, and I, for one, think it's a very exciting
22 possibility, particularly if the government does the smallest
23 amount of intrusion in terms of selecting the formats, but
24 with respect it, today, Mr. Gabbard and his TV stations has
25 160 hours a week, with digital broadcasting, what, according

1 to your estimates, would be the number of hours that he'd be
2 likely to have to fill or be able to broadcast depending on
3 the way you look at it?

4 MR. ABEL: Well, what I see is he could broadcast
5 multiple services at the same time, not necessarily video, but
6 speaking of multimedia services, which, in effect, make the
7 viewing experience more desirable and perhaps can put more --
8 well, I believe, more information into this medium that's
9 under-utilized as a medium, I think. So I'm not so focused on
10 the real time hours. In fact, I don't like talking about
11 realtime broadcasting very much any more, I would like to
12 think about non-realtime broadcasting, which is both the
13 broadcasting we have today, and the broadcasting of the
14 future, to allow more services to be packed into that
15 bitstream.

16 COMMISSIONER HUNDT: But broadcasters are always
17 coming in saying, boy, I wish I had a second station in
18 Louisville, or Lexington, because if I had two stations, if I
19 had two streams of programming, then I could counterprogram,
20 increase my aggregate market share, clearly digital
21 broadcasting permits a broadcaster to achieve this pro-
22 competitive goal, isn't that right?

23 MR. ABEL: It does in a way, but it doesn't -- when
24 they're speaking about that, they're speaking about two analog
25 channels, I believe.

1 COMMISSIONER HUNDT: Well, that's all that we have
2 right now.

3 MR. ABEL: Yes, when we get to the -- if you go to a
4 city like Des Moines and the stations are not owned by a
5 network -- not owned by a specific network, just affiliated
6 with networks, I think it would be the worst nightmare for
7 each station to have four or five channels of service, there
8 would not be enough advertiser support to support all of these
9 services in that community. There would not be enough
10 programming, and in fact, the network relationship with
11 affiliate could be reversed such that the affiliate has to pay
12 for programming. If there's not enough programming available,
13 the total quality of the service would eventually deteriorate
14 since there is not enough advertising support and programming
15 is in scarce supply. So, I don't think it's a good solution
16 to this and I'm not sure SDTV is necessarily in the best
17 interests of broadcasters.

18 COMMISSIONER HUNDT: Can I just ask one more
19 question? Mr. Gabbard, would you like to be able to broadcast
20 at least two streams of programming at the same time
21 digitally?

22 MR. GABBARD: Well, I have the same concerns that
23 John has just laid out and we've done a lot of talking about
24 this to try to see vision-wise, is there a business out there.
25 And, again, in the markets that I operate in, I have to put my

1 focus on my main channel, what I do every day, and it's hard
2 enough to keep it sold out, hard enough to keep it programmed
3 properly. Fantasyland, sure, I'd like to have another
4 channel. Could I make it work, I doubt it today, in the
5 markets that I'm in. I might turn to John and say, let me
6 lease you this and you become my program provider. Again, I'm
7 not smart enough to day to know the answers, but we are
8 looking, just like you are, to try to find his answers.

9 COMMISSIONER HUNDT: Because I was just thinking, if
10 you don't want the extra channel, and I say this in all
11 seriousness, we can give it to Mr. Grossman here who otherwise
12 doesn't have the spectrum, so if you quite seriously don't
13 want it --

14 MR. GABBARD: No, I didn't say that, I said --

15 COMMISSIONER HUNDT: -- why don't we give it to Mr.
16 Grossman and we solve that problem.

17 MR. GABBARD: I said we want to study it and try to
18 find what the business is because I don't honestly know, and
19 it may be that he plays a role in that.

20 COMMISSIONER HUNDT: Well, we do have a problem
21 because he's right, he's not in the digital picture right now.

22 MR. GABBARD: Right.

23 COMMISSIONER HUNDT: All right. Thank you all very,
24 very much. Very informative, very interesting, entertaining,
25 informational, educational, all the things that TV can be.

1 Thank you very much.

2 (Whereupon the meeting was adjourned at 4:41 p.m.)

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